

2017/18



MKHONDO LOCAL MUNICIPALITY 2017/18 FINAL MTREF BUDGET

ANNUAL BUDGET REPORT - MP303

Municipal Budget Reporting Regulations (MBRR)



Table of Contents

PART 1 – ANNUAL BUDGET

1.1 EXECUTIVE MAYOR'S REPORT.....	4
1.2 COUNCIL RESOLUTIONS.....	5
1.3 EXECUTIVE SUMMARY.....	5
1.4 OPERATING REVENUE FRAMEWORK.....	6
1.5 OPERATING EXPENDITURE FRAMEWORK.....	10
1.6 CAPITAL EXPENDITURE.....	13
1.7 ANNUAL BUDGET TABLES.....	15

PART 2 – SUPPORTING DOCUMENTATION

2.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS.....	18
2.2 IDP AND SDBIP PRIORITIES.....	18
2.3 IDP / BUDGET CONSULTATIVE COMMUNITY PARTICIPATION.....	19
2.4 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP.....	20
2.5 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS.....	22
2.6 OVERVIEW OF BUDGET RELATED POLICIES.....	23
2.7 OVERVIEW OF BUDGET ASSUMPTIONS.....	23
2.8 OVERVIEW OF BUDGET FUNDING SOURCES.....	24
2.9 FUNDING COMPLIANCE MEASUREMENT.....	25
2.10 EXPENDITURE ON GRANTS AND RECONCILIATION OF UNSPENT FUNDS.....	26
2.11 COUNCILLOR, EMPLOYEE BENEFITS & PERSONNEL NUMBERS.....	28
2.12 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW.....	31
2.13 OTHER SUPPORTING DOCUMENTS.....	37
2.14 LEGISLATION COMPLIANCE STATUS	43
2.15 MUNICIPAL MANAGER'S QUALITY CERTIFICATE.....	46

List of Tables

Table 1 Comparison of proposed rates to levied for the 2017/18 financial year.....	7
Table 2 Inclining Block Tariffs (IBT) – Residential.....	8
Table 3 Comparison between current water charges and increase (Domestic).....	9
Table 4 Comparison between current sanitation charges and increases.....	9
Table 5 Comparison between current waste removal fees and increases.....	10
Table 6 MBRR Table A4 – Budgeted Financial Performance (Revenue & Expenditure).....	11
Table 7 MBRR Table A5 – Budgeted Capital Expenditure by vote, standard classification and funding sources	13
Table 8 MBRR Table A1 – Budget Summary.....	15
Table 9 Feedback Summary from Community needs relating to Municipal Competencies.....	19
Table 10 MBRR Table SA5 – Reconciliation between the IDP strategic objective and budgeted operating expenditure.....	20
Table 11 IDP Strategic Development, Priorities and Objectives.....	21
Table 12 Sources of Capital revenue over the MTREF.....	24
Table 13 MBRR SA10 – Funding compliance measurement.....	25
Table 14 MBRR SA19 – Expenditure on transfers and grant programme.....	26

Table 15 MBRR SA20 – Reconciliation between transfers, grant receipts and unspent funds.....	27
Table 16 MBRR SA23 – Salaries allowance and benefits (Political office bearers/councillors/senior managers).....	28
Table 17 MBRR SA24 – Summary of personnel numbers.....	29
Table 18 MBRR SA25 – Budgeted monthly revenue and expenditure.....	31
Table 19 MBRR SA30 – Budgeted monthly cash flows.....	34
Table 20 MBRR SA1 – Supporting detail to budgeted financial performance.....	37
Table 21 MBRR SA2 – Matrix financial performance budget (revenue source/expenditure type and department).....	41
Table 22 MBRR SA3 – Supporting details to Statement of Financial Position.....	43

List of Figures

Figure 1 Capital Infrastructure Programme.....	14
Figure 2 Planning, budgeting and reporting cycle.....	22
Figure 3 Sources of capital revenue for the 2017/18 financial year.....	24

Annexure

Annexure 1	Tariffs Structure
Annexure 2	Municipal Budget Circular No.86
Annexure 3	Budget Related Policies
	➤ Supply Chain Management policy
	➤ Investment policy
	➤ Budget policy
	➤ Fund Transfer policy
	➤ Funding and Reserves policy
	➤ Long-term Financial Planning policy
	➤ Credit & Debit Control policy
	➤ Subsistence & Travelling policy
	➤ Asset Management Policy
	➤ Tariff policy
	➤ Cash Management policy
	➤ Indigent Policy
	➤ Rates policy
	➤ Fleet Management policy
	➤ Asset Disposal policy

PART 1 – ANNUAL BUDGET

1.1 EXECUTIVE MAYOR’S REPORT

In pursue of our commitment to ensure that together we continue to build a better community in Mkhondo, we as the Municipality plan to step up efforts to create sustainable economic growth and development opportunities for the youth, people with disabilities and women. We intend to use the resources we have at our disposal to strengthen the economic activities such as agricultural value chain which will benefit existing and emerging farmers through cooperatives.

As the Council, we observe and acknowledge that the current financial position of the municipality is still under pressure. Despite these challenges, we are optimistic that the budget we put together is realistic under the circumstances. The Municipality has put measures in place to encourage, motivate and educate members of the community about the importance of paying for the services they receive from the municipality.

We are committed to move with speed to decrease the backlog of providing new serviced sites to the needy. These sites will also prioritise the gap market housing opportunities. We will continue to install water and sewer connections in newly incorporated areas. Rural sanitation and electricity connections will also receive special attention in order to improve living conditions rural communities. This is not an easy task because we must make some difficult choices with our limited resources.

Most of our capital budget will be funded from the conditional grants the municipality receives from the national fiscus. If we invest in the existing and new infrastructure, we will be able to broaden our tax base and be able to carry on with the construction and implementation of much needed projects that can contribute positively in addressing poverty, unemployment and inequality.

However, the Council will be vigilant when exercising its oversight in order to keep its fiscal discipline intact. Using our existing public participation and communication platforms, we intend to discharge the responsibilities and the mandate that the electorate entrusted on us. We are doing this being conscious that accounting to the general public is not just a privilege we dish out, but is a constitutional right we have to fulfil to promote more active community participation in decision-making processes of the municipality.

.....
EXECUTIVE MAYOR
CLLR VUSI MOTH A

1.2 COUNCIL RESOLUTION

The Executive Mayor of Mkhondo Local Municipality will deliver his 2017/18 Final Annual Budget speech in Council Chamber before and/or 30 May 2017, for Council to approve the 2017/18 Final Annual Budget. The Council item will outline the following in terms of section 24 of the Municipal Financial Management Act;

- 2017/18 Final Budget Report
- 2017/18 Final tariffs Schedule
- 2017/18 Reviewed Budget Related Policies

1.3 EXECUTIVE SUMMARY

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

Mkhondo Local Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 86 was consulted to guide the compilation of the 2017/18 MTREF

The main challenges experienced during the compilation of the budget 2017/18 can be summarized as follows;

- The ongoing economic challenges in the national and local environment;
- Aging water, roads and electricity infrastructure;
- The increased cost of bulk electricity purchase (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents.
- Growing demand for formalization of townships and backlogs for providing sites which will in turn will require basic services from the municipality.
- Other costs of doing business including repairs and maintenance of fleet operations.

The following budget principles and guidelines directly informed the compilation of the 2017/18 MTREF:

- The 2016/17 Adjustment Budget priorities and targets, as well as the base line allocations were adopted as future growth and a top up developments into the upcoming 2017/18 annual budget;
- Mkhondo Municipality as one of the early adopting mSCOA project in the province, will be gearing itself for the preparation of 2017/18 SCOA compliant budget. These has been blessed

by the principals and in conjunction with the service provider on site to ensure smooth and seamless upgrade into SCOA by 01 July 2017;

- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of Bulk Water and Electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs and to curb distribution losses.

Recommendations and Comments from other stakeholders including provincial treasury in terms of section 22 of the MFMA on 2017/18 Final Budget were follows;

The Municipal Finance Management Act, (Act 56 of 2003), section 22 requires the Accounting Officer (Municipal Manager) to submit a final budget to, amongst others, the Provincial Treasury immediately after tabling the final budget in Council. In turn, the Provincial Treasury must provide views and comments on the final budget and any budget-related policies and documentation, which must then be considered by council when tabling the annual budget (Section 23). The final budget engagement with PT had the following comments and recommendations for the Municipality to take note;

- The projections of the Revenue Enhancement Collection strategy should be documented and ease for statistical reporting in terms of Debt book.
- Data cleansing close up report and its recommendations
- Long-term Asset Renewal plan for Repairs and maintenance of infrastructure
- Forestry in terms of the progress on identifying biological assets and its value
- Budgeted repairs and maintenance should equate to 8% total operating expenditure in terms of the budget and reporting regulations.
- Debt impairment and depreciation be budgeted in full, however, in terms of MFMA Circular 55 paragraph 4.3, it says the municipality may have a deficit budget as long as that deficit does not exceeds the amounts provided for depreciation and debt impairment.
- Interest on overdue accounts be charged according to the municipality's debt and credit control policy which has been amended effectively to reflect that interest on overdue accounts be charged at prime rate plus 1%.
- Other revenue items such as traffic fines and rental of facilities had to be readjusted downwards to be more conservative on the revenue collection.

1.4 Operating Revenue Framework

Total operating revenue for 2017/18 financial year is R431.5million, when compared to the 2016/17 Adjustment Budget of R410.3million. For the two outer years, operational revenue will increase by 4.9 per cent respectively.

Total operating expenditure for the 2017/18 financial year has been appropriated at R550.8million and translates into a budgeted surplus of R2.5million towards funding own capital contribution. When

compared to the 2016/17 Adjustments Budget, operational expenditure has grown by 1 per cent in the 2017/18 budget and by 6 per cent for each of the respective outer years of the MTREF. These surpluses will be used to fund own capital expenditure and to further ensure cash backing of reserves and funds.

The 2017/18 capital budget of R125.6 million is fully funded through MIG towards water and sanitation projects. The national government calls for all municipalities to start generating substantial revenues to alleviate grant dependency on capital infrastructure as well as renewal of existing assets

1.4.1 Municipal Tariffs

1.4.1.1 Property Rates

Mkhondo municipality has implemented a current valuation roll and it has been updated effectively to be implemented as from 01 July 2017. The supplementary valuation has been submitted and objections were resolved with the property valuers. The new valuation roll has brought an upward change in revenue estimates as more properties are now included in the Property valuation roll to generate more revenue as well as to cover the cost of providing other general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No.67 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0, 25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The 6.4 per cent property rate tariffs increase for 2017/18 financial year will see a revenue projection of R47million as compared to the R39million in 2016/17 adjustment. The reduction of R15 000 of the market value of the property as per Section 17(1)(h) of the MPRA is permitted to residential stands and Council add an extra R43 000 to it to bring the value to R58 000 which will be exempted from rates. Rebates for residential will be 20%

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2017/18 financial year based on a 6.4 per cent increase from 1 July 2017 is contained below:

Table1 - Comparison of proposed rates to levied for the 2017/18 financial year

Category	Current tariffs (2016/17)	Final tariffs (2017/18)
Residential	R0.008903	R 0.009491
Business/Industrial	R0.009227	R 0.010436
Agriculture	R0.002226	R 0.002518
State owned	R0.009227	R 0.010436
Psi	R0.002226	R 0.002518
Vacant	R0.016041	R 0.018143
Pbo	R0.002226	R 0.002518

1.4.1.2 Sale of Electricity and impact of tariffs increase

NERSA approved 2.2 per cent on the municipal electricity tariff for 2017/18 annual budget compilation. Mkhondo Local Municipality will be charging the NERSA approved final tariff of 1.88 per cent for all electricity sales and consumptions. This will be in addition to measures in place to reduce the distribution losses both technical and non-technical energy losses. The tariffs will be effective in the new financial billing starting on the 01st July 2017. Mkhondo Local Municipality has implemented the Inclining Block Tariffs (IBT) effective from the 1st July 2015, thus far we have not experience any difficulties however, and rate of revenue has dropped posing a challenge on the current tariffs for IBT to be reviewed.

Table2 - Inclining Block Tariffs (IBT) – Residential

<u>Prepaid</u>	<u>(c/kwh)</u>	<u>Conventional</u>	<u>(c/kwh)</u>
Block1 (0 – 50kwh)	85.58	Block1 (0 – 50kwh)	78.96
Block2 (51 – 350kwh)	109.66	Block2 (51 – 350kwh)	101.99
Block3 (351 – 600kwh)	150.17	Block3 (351 – 600kwh)	146.95
Block4 (600kwh >)	182.27	Block4 (600kwh >)	175.46
Basic Charge	98.21		

Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

Mkhondo local municipality has an indigent register that is guided by the municipality's indigent policy however, more efforts will be envisaged to reach out to more deserving members of the community to register on the indigent subsidy. Indigent households will receive free basic electricity supply of up to 50KWh which is funded from the equitable share and that this allocation will continue in the 2017/18 financial year.

The tariff increase is divided into two categories mainly;

- Repair and Maintenance and other general goods and services - 6.4%
- Electricity Consumption KWh - 1.88% **(Non-residential – IBT only)**

1.4.1.3 Sales of Water and Impact of tariff increase

South Africa has faced one of the worse droughts in decades and a call for water preservations were a call to each and every south African to utilize water sparingly and the worst hit were agricultural sector and communities in terms of water supply. Some municipal areas were declared as disaster areas seeking water supply through tinkering services and other non-profit organizations offering a support. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansions;

- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

It is recommended that the registered owner of a property should bear the costs where a water meter measuring system is installed by Council. These costs will constitute the said measuring unit, general maintenance and installation expenses incurred by the Council in relation to the meter installation.

The approved water tariff for Mkhondo Local municipality for basic charge is R18.47 each month for every vacant stand excluding Council properties.

Table 3 - Comparison between current water charges and increases (Domestic)

Monthly Consumption kℓ	Current Amount Payable 2016/17	Final Amount Payable 2017/18	Difference (Increase)	Percentage Change
0 -6 (Free-FBW)	R3.91	R 4.16	R0.25	6.4%
7 – 20	R4.86	R 5.17	R0.31	6.4%
21 – 40	R6.88	R 7.32	R0.44	6.4%
41 – 60	R9.09	R 9.67	R0.58	6.4%
61 - above	R9.59	R 10.21	R0.62	6.4%

The free basic water will be provided to all household per month as may be amended from time to time to a maximum of 6kℓ.

By-laws of the municipality shall be applicable to water supply tariffs including all the other water tariffs.

1.4.1.4 Sanitation and Impact of tariffs increase

Tariff increase of 6.4% for sanitation has been approved as from 01 July 2017. This is based on the cost assumptions related to water.

The following factors also contributed to the proposed tariff increase:

- Sanitation charges are calculated according to the percentage water discharged
- Free sanitation of 6kℓ water will be applicable to registered indigents

Table 4 - Comparison between current sanitation charges and increases

Classification Monthly	Current Amount Payable 2016/17	Final Amount Payable 2017/18	Difference (Increase)	Percentage Change
Stand – 1 st toilet	R38.13	R 40.57	R2.45	6.4%
Consecutive toilet	R35.63	R 37.91	R2.28	6.4%

2 & 3 stands	R32.00	R 34.05	R2.05	6.4%
Backwash pools	R19.82	R 21.09	R1.27	6.4%
Sewerage sludge p/c/m	R13.38	R 14.24	R0.90	6.4%

1.4.1.5 Refuse removal and Impact of tariffs increase

In respect of the refuse removal charges, Mkhondo Local Municipality approved 6.4% tariff on all categories of in terms of their classifications and waste bins.

Table 5 - Comparison between current Refuse removal charges and increases

Classification Monthly	Current Amount Payable 2016/17	Final Amount Payable 2017/18	Difference (Increase)	Percentage Change
Dwellings, flats, churches and hospitals : per	R51.82	R55.14	R3.32	6.4%
From all other premises, per user	R131.04	R139.43	R8.39	6.4%
If two users jointly make use of a bulk refuse container, per user	R272.75	R290.21	R17.46	6.4%
Bulk refuse container per individual user.	R549.92	R585.12	R35.20	6.4%
Additional Waste - Landfill site per Ton	R33.52	R35.66	R2.14	6.4%

1.5 Operating Expenditure Framework

Mkhondo Local Municipality's operating expenditure framework for the 2017/18 budget and MTREF is informed by the following:

- The employee related cost and other benefits have been reviewed as stipulated in the National Treasury circular guideline No.86 as well as repairs and maintenance;
- Funded budget model to ensure that approved budgets are fully funded and cash sustainable to achieve the priorities as set out in the IDP. Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the Integrated Development Plan of the municipality;
- Operational gains and efficiencies will be directed to funding the own capital budget and other core services; and
- Strict adherence to the principle of *no project plans into approved IDP, no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2017/18 budget and MTREF (classified per main type of operating expenditure):

MKHONDO LOCAL MUNICIPALITY 2017/18 FINAL MTREF BUDGET

MP303 Mkhondo - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1										
Revenue By Source											
Property rates	2	20,108	31,383	34,003	44,252	44,252	44,252	22,838	41,452	43,815	46,268
Service charges - electricity revenue	2	80,991	88,121	89,281	93,761	100,511	100,511	70,559	113,401	115,533	120,827
Service charges - water revenue	2	9,345	11,890	15,091	15,926	15,926	15,926	16,327	16,945	17,911	18,914
Service charges - sanitation revenue	2	5,742	6,945	7,703	8,454	9,523	9,523	5,103	9,354	9,888	10,441
Service charges - refuse revenue	2	7,095	7,774	8,711	9,235	10,080	10,080	5,783	9,962	10,530	11,120
Service charges - other		–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment	528	968	758	693	720	720	720	369	3,840	4,059	4,286
Interest earned - external investments	2,514	1,213	1,028	947	947	947	947	377	530	560	592
Interest earned - outstanding debtors	2,820	9,198	10,659	10,574	15,897	15,897	15,897	9,246	10,800	9,500	9,300
Dividends received	–	78	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits	4,034	4,470	3,779	761	735	735	735	256	408	432	456
Licenses and permits	41	77	32	37	66	66	66	33	52	55	59
Agency services	7,589	9,177	9,743	6,458	6,458	6,458	6,458	5,332	–	–	–
Transfers and subsidies	125,126	137,188	141,195	174,112	175,200	175,200	175,200	127,152	196,057	215,731	233,434
Other revenue	2	35,807	20,331	36,747	27,159	26,440	26,440	1,697	28,697	23,822	21,091
Gains on disposal of PPE	761	1	152	3,500	3,500	3,500	3,500	83	–	–	–
Total Revenue (excluding capital transfers and contributions)		302,500	328,817	358,883	395,871	410,255	410,255	265,155	431,499	451,835	476,787
Expenditure By Type											
Employee related costs	2	97,576	112,532	128,742	132,739	148,722	148,722	88,143	155,528	165,948	176,901
Remuneration of councillors		12,104	12,840	13,086	14,653	14,653	14,653	6,920	13,745	14,665	15,633
Debt impairment	3	22,992	28,038	29,266	30,313	30,313	30,313	47,046	48,132	50,057	51,559
Depreciation & asset impairment	2	72,540	70,686	75,480	75,080	75,080	75,080	36,134	78,651	86,805	87,673
Finance charges		4,068	7,528	12,699	266	266	266	4,262	100	–	–
Bulk purchases	2	86,151	82,866	101,297	110,194	110,195	110,195	56,287	113,606	114,197	114,799
Other materials	8	33,380	31,409	34,513	17,497	20,880	20,880	13,077	22,004	23,302	24,654
Contracted services		35,011	36,362	15,272	27,002	40,420	40,420	25,032	37,908	40,144	42,473
Transfers and subsidies		3,876	6,480	3,930	12,728	12,728	12,728	2,252	17,877	15,512	16,473
Other expenditure	4, 5	29,537	44,883	76,420	58,964	62,091	62,091	27,719	63,289	67,024	70,911

MKHONDO LOCAL MUNICIPALITY 2017/18 FINAL MTREF BUDGET

Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Expenditure		397,235	433,625	490,705	479,434	515,348	515,348	306,872	550,840	577,655	601,075
Surplus/(Deficit)		(94,734)	(104,808)	(131,822)	(83,563)	(105,093)	(105,093)	(41,716)	(119,340)	(125,820)	(124,288)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		93,629	86,376	218,135	75,166	74,933	74,933	45,487	123,104	106,130	124,773
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	-	5,045	-	2,100	28,673	28,673	2,250	2,500	2,668	2,844
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	44,769	42,033	44,471
Surplus/(Deficit) after capital transfers & contributions		(1,105)	(13,387)	86,313	(6,297)	(1,488)	(1,488)	6,021	51,033	25,010	47,800
Taxation											
Surplus/(Deficit) after taxation		(1,105)	(13,387)	86,313	(6,297)	(1,488)	(1,488)	6,021	51,033	25,010	47,800
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		(1,105)	(13,387)	86,313	(6,297)	(1,488)	(1,488)	6,021	51,033	25,010	47,800
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		(1,105)	(13,387)	86,313	(6,297)	(1,488)	(1,488)	6,021	51,033	25,010	47,800

The budget allocation for employee related cost for the 2017/18 financial year totals to R155.5million, which equals 36 per cent of the total operating expenditure. Based on the recent collective SALGBC agreement that has just been released for the wage agreement term, the salary increase has been factored into this budget at a percentage increase of 7.4 per cent for the 2017/18 financial year. The major budget implications on employee related cost was the benchmarking exercise and the housing subsidy allocated to employees. Filling of critical vacancies that existed particularly at service delivery departments were prioritized to accelerate human capital investment in key strategic and operational posts.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The Division of Revenue Act of 2017/18 grant allocation as gazetted for remuneration of councillors has an amount of R13.7million for councilors' remuneration as well as the stipend for the ward councilor's which has been considered during the compilation of the 2017/18 Final Annual Budget.

Finance charges consist primarily of the repayment of interest on long-term borrowing from DBSA (cost of capital) as well as bank charges.

Bulk purchases are largely informed by the purchase of bulk electricity of R113.6 million and the raw water extractions from DWA.

Other material comprises of amongst others the purchase of fuel, diesel, materials for repairs & maintenance, cleaning materials and water treatment chemicals. In line with the municipality's repairs and maintenance plan on existing infrastructures, this group of expenditure has been prioritized to ensure sustainability of the service delivery.

1.5.1 Free Basic Services: Basic Social Services Package

The Gert Sibande District Municipality will be assisting the municipality with the registration of the indigents for the entire Mkhondo area particularly those areas where billing takes place. The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Mkhondo Municipality's approved Indigent Policy. Recognizing that the number of registered indigent is still low, the target is to register additional 10 per cent or more indigent households during the 2017/18 financial year, a process reviewed annually. The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Capital Expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 7 - MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification

MP303 Mkhondo - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description R thousand	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<u>Capital expenditure - Vote Multi-year expenditure to be appropriated</u>	2										
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury Office		1,608	-	538	1,150	2,250	2,250	2,171	-	-	-
Vote 3 - Corporate Services		-	-	722	950	650	650	230	-	-	-
Vote 4 - Planning and Development		-	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services		-	-	-	-	300	300	-	10,867	9,750	10,399
Vote 6 - Technical Services		-	5,045	211,469	75,166	100,405	100,405	55,555	114,737	96,380	114,374
Vote 7 - Afforestation		96,485	92,535	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	98,092	97,580	212,729	77,266	103,605	103,605	57,956	125,604	106,130	124,773
Total Capital Expenditure - Vote		98,092	97,580	212,729	77,266	103,605	103,605	57,956	125,604	106,130	124,773
<u>Capital Expenditure - Functional</u>											

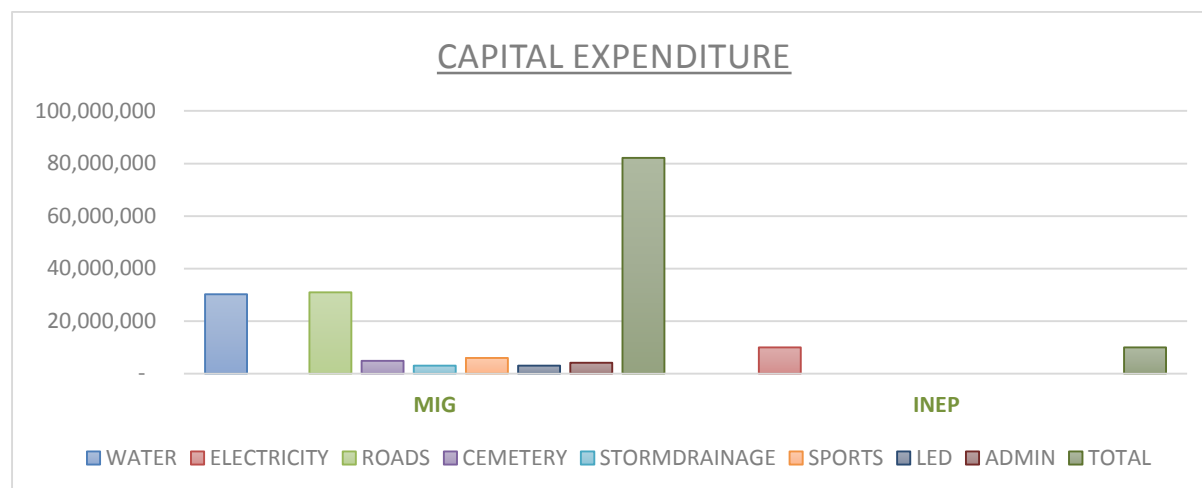
MKHONDO LOCAL MUNICIPALITY 2017/18 FINAL MTREF BUDGET

Governance and administration		1,608	-	1,260	2,100	2,900	2,900	2,401	-	-	-
Executive and council		-	-	-	-	-	-	-	-	-	-
Finance and administration		1,608	-	1,260	2,100	2,900	2,900	2,401	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		-	-	-	-	300	300	-	10,867	9,750	10,399
Community and social services		-	-	-	-	-	-	-	4,867	-	-
Sport and recreation		-	-	-	-	-	-	-	6,000	9,750	10,399
Public safety		-	-	-	-	300	300	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	25,832	29,808	41,630	41,630	22,671	37,020	44,433	15,271
Planning and development				-							
Road transport				25,832	29,808	41,630	41,630	22,671	37,020	44,433	15,271
Environmental protection				-							
Trading services		-	5,045	185,637	45,358	58,776	58,776	32,884	77,717	51,947	99,104
Energy sources				12,739	4,000	19,473	19,473	10,411	11,500	11,000	15,000
Water management				154,974	41,358	27,728	27,728	14,418	31,217	15,000	25,000
Waste water management				17,924	-	11,574	11,574	8,055	35,000	25,947	59,104
Waste management			5,045	-	-	-	-	-	-	-	-
Other		96,485	92,535	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	98,092	97,580	212,729	77,266	103,605	103,605	57,956	125,604	106,130	124,773
Funded by:											
National Government		95,513	90,683	91,668	75,166	74,933	74,933	45,075	123,104	106,130	124,773
Provincial Government		-	-	100,000	-	-	-	-	-	-	-
District Municipality		-	-	9,367	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	95,513	90,683	201,035	75,166	74,933	74,933	45,075	123,104	106,130	124,773
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		2,579	6,897	11,694	2,100	28,673	28,673	12,882	2,500	-	-
Total Capital Funding	7	98,092	97,580	212,729	77,266	103,605	103,605	57,956	125,604	106,130	124,773

For 2017/18 an amount of R125.6million has been appropriated towards the capital budget for development of infrastructure within the Mkhondo Local municipality jurisdiction. The capital infrastructure budget allocation on water and sanitation provision of R66.2million which equates to 53 per cent will address water backlogs that the municipality is currently facing in rural and urban areas. Electrification projects will amount to R10 million which equates to 8 per cent.

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF.

Figure 1 Capital Expenditure Programme



The capital expenditure bar charts illustrate that the large portion of the capital spending will be geared towards water and sanitation projects of R66.2 million in rural and urban areas. Roads capital budget includes a creation of cemetery site and other construction and rehabilitation of access roads.

2017/18 Final Budget MIG is just under R82.2million and Integrated National Electrification Programme (INEP) with R10 million as well as Water Service Infrastructure Grant of R35million.

1.7 Annual Budget Tables

MP303 Mkhondo - Table A1 Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Financial Performance										
Property rates	20,108	31,383	34,003	44,252	44,252	44,252	22,838	41,452	43,815	46,268
Service charges	103,172	114,732	120,785	127,376	136,040	136,040	97,772	149,663	153,861	161,302
Investment revenue	2,514	1,213	1,028	947	947	947	377	530	560	592
Transfers recognised - operational	125,126	137,188	141,195	174,112	175,200	175,200	127,152	196,057	215,731	233,434
Other own revenue	51,580	44,301	61,871	49,183	53,816	53,816	17,017	43,798	37,868	35,191
Total Revenue (excluding capital transfers and contributions)	302,500	328,817	358,883	395,871	410,255	410,255	265,155	431,499	451,835	476,787
Employee costs	97,576	112,532	128,742	132,739	148,722	148,722	88,143	155,528	165,948	176,901
Remuneration of councillors	12,104	12,840	13,086	14,653	14,653	14,653	6,920	13,745	14,665	15,633
Depreciation & asset impairment	72,540	70,686	75,480	75,080	75,080	75,080	36,134	78,651	86,805	87,673

MKHONDO LOCAL MUNICIPALITY 2017/18 FINAL MTREF BUDGET

Finance charges	4,068	7,528	12,699	266	266	266	4,262	100	–	–
Materials and bulk purchases	119,531	114,275	135,810	127,690	131,076	131,076	69,364	135,610	137,499	139,453
Transfers and grants	3,876	6,480	3,930	12,728	12,728	12,728	2,252	17,877	15,512	16,473
Other expenditure	87,540	109,284	120,958	116,278	132,824	132,824	99,797	149,329	157,225	164,943
Total Expenditure	397,235	433,625	490,705	479,434	515,348	515,348	306,872	550,840	577,655	601,075
Surplus/(Deficit)	(94,734)	(104,808)	(131,822)	(83,563)	(105,093)	(105,093)	(41,716)	(119,340)	(125,820)	(124,288)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	93,629	86,376	218,135	75,166	74,933	74,933	45,487	123,104	106,130	124,773
Contributions recognised - capital & contributed assets	–	5,045	–	2,100	28,673	28,673	2,250	47,269	44,701	47,315
Surplus/(Deficit) after capital transfers & contributions	(1,105)	(13,387)	86,313	(6,297)	(1,488)	(1,488)	6,021	51,033	25,010	47,800
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	(1,105)	(13,387)	86,313	(6,297)	(1,488)	(1,488)	6,021	51,033	25,010	47,800
<u>Capital expenditure & funds sources</u>										
Capital expenditure	98,092	97,580	212,729	77,266	103,605	103,605	57,956	125,604	106,130	124,773
Transfers recognised - capital	95,513	90,683	201,035	75,166	74,933	74,933	45,075	123,104	106,130	124,773
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	2,579	6,897	11,694	2,100	28,673	28,673	12,882	2,500	–	–
Total sources of capital funds	98,092	97,580	212,729	77,266	103,605	103,605	57,956	125,604	106,130	124,773
<u>Financial position</u>										
Total current assets	62,505	65,066	59,562	94,055	166,767	166,767	161,351	139,611	149,589	164,465
Total non current assets	1,318,489	1,338,681	1,462,745	1,440,449	1,440,450	1,440,450	1,456,140	1,582,992	1,665,111	1,752,894
Total current liabilities	121,425	155,258	181,357	61,503	72,006	72,006	177,486	104,137	109,662	115,816
Total non current liabilities	31,010	33,317	37,415	35,287	39,623	39,623	37,415	39,288	41,606	44,020
Community wealth/Equity	1,228,559	1,215,172	1,303,534	1,437,715	1,495,589	1,495,589	1,402,590	1,579,178	1,663,432	1,757,523
<u>Cash flows</u>										
Net cash from (used) operating	82,768	75,632	197,152	52,995	(14,019)	(14,019)	41,589	79,540	66,070	86,863
Net cash from (used) investing	(90,188)	(97,761)	(194,431)	(73,766)	(100,105)	(100,105)	(29,410)	(80,835)	(64,097)	(80,302)
Net cash from (used) financing	(1,204)	(1,220)	(848)	(875)	9,373	9,373	(264)	(386)	–	–
Cash/cash equivalents at the year end	25,501	2,152	4,026	(18,238)	15,292	15,292	15,942	8	1,982	8,542
<u>Cash backing/surplus reconciliation</u>										
Cash and investments available	25,501	19,658	4,026	(18,238)	5,292	5,292	15,905	8	1,982	8,542
Application of cash and investments	94,173	110,487	137,931	(18,314)	(23,675)	(23,675)	77,939	(19)	226	504
Balance - surplus (shortfall)	(68,672)	(90,829)	(133,905)	77	28,967	28,967	(62,034)	28	1,756	8,038
<u>Asset management</u>										
Asset register summary (WDV)	1,398,722	1,409,931	1,392,385	1,419,697	1,449,236	1,449,236	1,573,185	1,573,185	1,673,349	1,794,199

MKHONDO LOCAL MUNICIPALITY 2017/18 FINAL MTREF BUDGET

Depreciation	72,540	70,686	–	75,080	75,080	75,080	78,651	78,651	86,805	87,673
Renewal of Existing Assets	–	–	–	–	–	–	–	–	–	–
Repairs and Maintenance	33,380	31,409	34,513	17,497	20,880	20,880	22,004	22,004	23,302	24,654
<u>Free services</u>										
Cost of Free Basic Services provided	7,150	12,683	13,856	9,002	9,002	9,002	15,755	15,755	17,461	18,815
Revenue cost of free services provided	50	50	50	50	50	50	8,215	8,215	8,680	9,163
<u>Households below minimum service level</u>										
Water:	2	2	2	2	2	2	2	2	2	2
Sanitation/sewerage:	16	17	17	19	19	19	19	19	19	19
Energy:	20	20	20	20	20	20	37	37	37	37
Refuse:	30	40	40	42	42	42	–	–	–	–

PART 2 – Supporting Documentation

2.1 Overview of the Annual Budget Process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

2.1.1 The primary aim of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritized in the allocation of resources.

In terms of section 21 of the MFMA the Executive Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2016) a time schedule that sets out the process to revise the IDP and prepare the budget.

2.2 IDP and Services Delivery and Budget Implementation Plan (SDBIP) Priorities

In reviewing the last 5-year IDP, a process plan was developed and adopted by Council. It started in September 2015 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2017/18 MTREF. 2017 is marked by the elections for local municipalities and the last council will adopt and approved the 2017/18 Final IDP before their term of office elapses by the end of April 2016.

Section 25 (1) of the Local Government: Municipal Systems Act 32 of 2000 stipulates that 'each municipal council must, within a prescribed period after its elected term, adopt a single, inclusive and strategic plan for the development of the municipality.

2.2.1 The above section also mentions that an Integrated Development Plan has the following functions:

- Links, integrates and coordinates plans and takes into account proposals for the development of the municipality;
- Aligns the resources and capacity of the municipality with the implementation of the plan;
- Forms the policy framework and general basis on which annual budgets must be based;
- Complies with the provisions of this Chapter (chapter 5 of the above Act); and
- Is compatible with national and provincial development plans and planning requirements binding on the municipality in terms of legislation.

2.3 IDP and Budget Consultative Community Participation

As a process to produce this principal long-term strategic plan, Mkhondo Local Municipality embarked on a detailed public participation process and consultation meetings took place, for the 2016-2021 Integrated Development Planning process. The public consultation process was again conducted during November 2016 for the Final IDP Review. Officials together with honourable councillors went all out to participate in the meetings across all 19 wards in the municipality.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Table 9 Feedback Summary from community needs relating to municipal competencies

IDENTIFIED NEEDS		WARDS																		
PROJECT CATEGORY		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1	WATER	X	X	X	X	X	X		X	X						X		X	X	X
2	SANITATION	X	X	X	X	X	X		X	X						X		X	X	X
3	ELECTRICITY (Reticulation)	X	X	X	X	X	X		X	X					X	X	X	X	X	X
4	ELECTRICITY (Streetlights/Apollo)	X	X	X	X	X	X	X	X	X	X	X	X		X	X	X	X	X	X
5	CEMETERIES	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
6	ROADS (Gravelling)	X	X	X	X	X			X	X	X					X		X	X	X
7	ROADS (Resealing)							X			X	X		X	X		X	X		
8	STADIUMS	X	X	X	X	X	X											X	X	X
9	HALLS	X	X	X			X		X	X	X	X						X	X	X
10	HALLS (FURNISHING)				X	X										X				X
11	STANDS/SITES					X	X				X	X								X
12	SPEED HUMPS					X	X	X		X	X	X	X	X	X		X	X		X

The above table is a summary of the needs as identified in different ward meetings. The details of the actual needs are contained in the minutes of different ward meetings. The "X" does not indicate that there's no services at all within that ward but there's still some villages or areas which need those services. Reference of such villages/ areas is made in the minutes of the community participation which is available on request.

2.4 Overview of alignment of annual budget with IDP

The purpose of this document is to describe the planning and implementation processes that will be followed by Mkhondo Local Municipality to deliver on its mandate through being a developmental local municipality. Critical in this document are the Strategic development priorities of the municipality, which are namely:

- LED (Township economic establishment) upliftment of township economy
- Future development planning (Master plans)
- Improve delivery on basic services (Water, roads, electricity, waste and sanitation)
- Revenue enhancement
- Youth skills and business development
- Enhance good governance (Public participation)
- Performance Management to be cascaded to the lower level
- Assets management (fleet and property maintenance plan).
- Clean audit
- Improve Blue drop & Green drop
- Promulgation and enforcement of by- laws

MP303 Mkhondo - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Operating expenditure)													
Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
R thousand													
Municipal governance and administration				173,211	189,949	216,266	210,140	228,431	228,431	252,117	270,247	280,978	
Community and public safety				35,934	41,409	41,772	42,856	45,093	45,093	45,656	48,559	51,597	
Economic and environmental services				34,457	38,885	40,954	32,786	39,604	39,604	42,177	41,224	43,840	
Trading services				141,340	150,472	179,812	179,579	187,323	187,323	195,518	201,304	207,346	
Other services				12,292	12,910	11,900	14,072	14,897	14,897	15,371	16,321	17,313	
Allocations to other priorities													
Total Expenditure				1	397,235	433,625	490,705	479,434	515,348	515,348	550,840	577,655	601,075

Table 11 IDP Strategic Development Priorities and Objectives

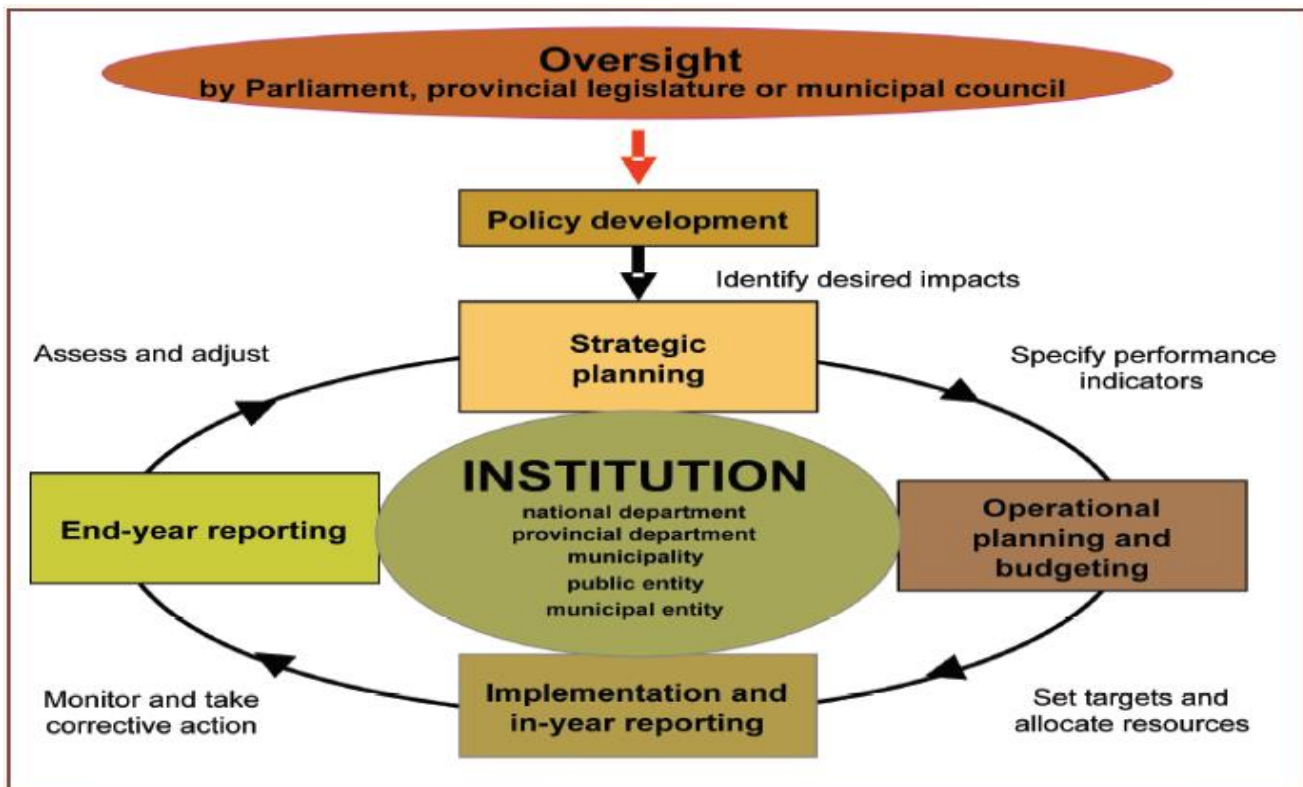
PRIORITIES	GOALS	OBJECTIVES
<ul style="list-style-type: none"> • LED(Township economic establishment) Upliftment of township economy • Future development planning (Master plans) • Improve delivery on basic services(Water, roads, electricity, waste and sanitation) • Revenue enhancement • Youth skills and business development • Enhance good governance (Public participation) • Performance Management to be cascaded to the lower level • Assets management (fleet and property maintenance plan). • Clean audit • Improve Blue drop & Green drop • Promulgation and enforcement of by- laws 	<ul style="list-style-type: none"> • Sustainable service delivery • Economic development and employment. • Clean audit • Financial viability 	<ul style="list-style-type: none"> • To provide access to basic services (water 100%, electricity 100%, Sanitation 100% and refuse removal 75%) • To establish six integrated township • To promote economic growth by 5% • To reduce unemployment by 5% • To increase revenue collection by 85% • To conduct 20 public participation programmes • To reduce irregular expenditure to 0% • To develop and update assets register

2.5 Measurable Performance Objectives and Indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, Mkhondo Local Municipality has developed and implementing a performance management system wherein top management have signed performance agreements with the Municipal manager and the Executive Mayor.

Mkhondo Local Municipality has also established a Performance Management unit as well as the performance management committee which is expected to be the integrated planning process which will enhance the Municipality's targets, monitoring, assessing and reviewing its organizational performance which in turn is directly linked to individual employee's performance i.e. Section 57 appointees.

Figure2 The planning, budgeting and reporting cycle can be graphically illustrated as follows:



The performance of Mkhondo Local Municipality relates directly to the extent to which it has achieved success in realizing its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore, has adopted performance management system which encompasses

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and

- Improvement (making changes where necessary).

2.6 Overview of Budget related – Policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

- Supply Chain Management policy
- Investment policy
- Budget policy
- Fund Transfer policy
- Credit & Debit Control policy
- Subsistence & Travelling policy
- Asset Management Policy
- Tariff policy
- Banking and Cash Management policy
- Indigent Policy
- Rates policy
- Fleet Management policy
- Asset Disposal policy

2.7 Overview of Budget assumptions

2.7.1 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilized to fund capital or refinancing of borrowing in certain conditions. Mkhondo Local municipality has in the past secured loan with DBSA for financing capital infrastructure and that's the only finance charges it incurs on repayments and financing interest on the loan.

2.7.2 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (75 per cent) of annual billings. Cash flow is assumed to be 75 per cent of billings, plus an increased collection of arrear debt from the revenue enhancing strategy and incentives measures to encourage community to pay their arrears on service accounts.

2.7.3 Salary increase

The collective agreement regarding salaries/ wages which will come to effect on the 01 July 2017 according to the new wage agreement with SALGBC, an estimated growth in employee related cost is budgeted at 7.4 per cent for 2017/18 financial year, notwithstanding the NT circular no.86 in terms of the guidelines.

2.8 Overview of Capital Budget Funding Sources

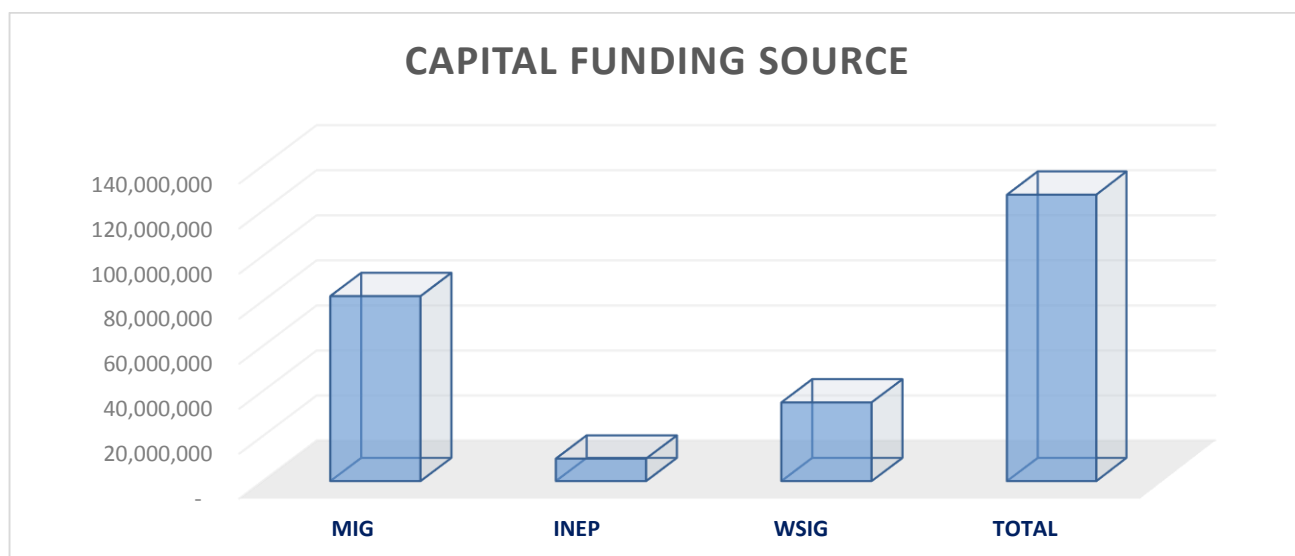
2.8.1 Medium – term outlook: Capital Revenue

The following table is a breakdown of the funding composition of the 2017/18 Medium-term capital programme:

MP303 Mkhondo - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Total Capital Expenditure - Vote		98,092	97,580	212,729	77,266	103,605	103,605	57,956	125,604	106,130	124,773
Funded by:											
National Government		95,513	90,683	91,668	75,166	74,933	74,933	45,075	123,104	106,130	124,773
Provincial Government		–	–	100,000	–	–	–	–	–	–	–
District Municipality		–	–	9,367	–	–	–	–	–	–	–
Other transfers and grants		–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital Public contributions & donations	4	95,513	90,683	201,035	75,166	74,933	74,933	45,075	123,104	106,130	124,773
Borrowing	6	–	–	–	–	–	–	–	–	–	–
Internally generated funds		2,579	6,897	11,694	2,100	28,673	28,673	12,882	2,500	–	–
Total Capital Funding	7	98,092	97,580	212,729	77,266	103,605	103,605	57,956	125,604	106,130	124,773

Figure 3 Sources of capital revenue for the 2017/18 financial year



MKHONDO LOCAL MUNICIPALITY 2017/18 FINAL MTREF BUDGET

Capital grants and receipts equates to 65 per cent of MIG and the INEP equates to 8 per cent present and 28 per cent for WSIG to a total of R125million.

2.9 Funding Compliance Measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

**MP303 Mkhondo Supporting
Table SA10 Funding
measurement**

Description	MFMA section	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Funding measures	–	–										
Cash/cash equivalents at the year end - R'000	18(1)b	1	25,501	2,152	4,026	(18,238)	15,292	15,292	15,942	8	1,982	8,542
Cash + investments at the yr end less applications - R'000	18(1)b	2	(68,672)	(90,829)	(133,905)	77	28,967	28,967	(62,034)	28	1,756	8,038
Cash year end/monthly employee/supplier payments	18(1)b	3	1.1	0.1	0.1	(0.6)	0.5	0.5	0.8	0.0	0.1	0.2
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(1,105)	(13,387)	86,313	(6,297)	(1,488)	(1,488)	6,021	51,033	25,010	47,800
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	12.5%	(0.1%)	4.9%	(1.0%)	(6.0%)	(39.1%)	0.0%	(2.6%)	(1.0%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	67.6%	76.6%	82.7%	77.9%	59.3%	59.3%	69.9%	75.0%	74.8%	74.6%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	18.6%	19.2%	18.9%	17.7%	16.8%	16.8%	39.0%	25.2%	25.3%	24.8%
Capital payments % of capital expenditure	18(1)c,19	8	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	50.6%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%

MKHONDO LOCAL MUNICIPALITY 2017/18 FINAL MTREF BUDGET

Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	63.2%	(11.0%)	108.3%	40.7%	0.0%	(0.5%)	(3.8%)	5.7%	5.6%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	2.8%	2.5%	2.5%	1.3%	1.6%	1.6%	1.6%	1.5%	1.5%	1.5%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

References

High Level Outcome of Funding Compliance												
Total Operating Revenue			302,500	328,817	358,883	395,871	410,255	410,255	265,155	431,499	451,835	476,787
Total Operating Expenditure			397,235	433,625	490,705	479,434	515,348	515,348	306,872	550,840	577,655	601,075
Surplus/(Deficit)												
Budgeted Operating Statement			(94,734)	(104,808)	(131,822)	(83,563)	(105,093)	(105,093)	(41,716)	(119,340)	(125,820)	(124,288)
Surplus/(Deficit) Considering Reserves and Cash Backing			(68,672)	(90,829)	(133,905)	77	28,967	28,967	(62,034)	28	1,756	8,038
MTREF Funded (1) / Unfunded (0)	15	0	0	0	0	1	1	1	0	1	1	1
MTREF Funded ✓ / Unfunded ✗	15	✗	✗	✗	✗	✓	✓	✓	✗	✓	✓	✓

2.10 Expenditure on Grants and Reconciliation of Unspent

MP303 Mkhondo - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
EXPENDITURE:	1									
<u>Operating expenditure of Transfers and Grants</u>										
National Government:		114,595	132,882	158,295	174,112	174,345	174,345	196,057	215,731	233,494
Local Government Equitable Share		110,201	127,313	153,190	166,350	166,350	166,350	186,451	209,114	226,372
Finance Management		1,550	1,600	1,675	1,810	1,810	1,810	2,145	2,400	2,660

MKHONDO LOCAL MUNICIPALITY 2017/18 FINAL MTREF BUDGET

Municipal Systems Improvement		890	934	930	–	–	–	–	–	–
EPWP Incentive		1,954	2,913	2,348	2,452	2,452	2,452	3,350	–	–
LG SETA		–	122	152	–	–	–	–	–	–
Other transfers/grants PMU		–	–	–	3,500	3,733	3,733	4,111	4,217	4,462
Operational portion		–	–	–	–	–	–	–	–	–
Total operating expenditure of Transfers and Grants:		114,595	132,882	158,295	174,112	174,345	174,345	196,057	215,731	233,494
Capital expenditure of Transfers and Grants										
National Government:		62,012	90,683	91,668	75,166	74,933	74,933	123,104	106,130	124,773
Municipal Infrastructure Grant (MIG)		62,012	86,376	81,668	71,166	70,933	70,933	78,104	80,130	84,773
		–	–	–	–	–	–	35,000	15,000	25,000
INEP		–	4,307	10,000	4,000	4,000	4,000	10,000	11,000	15,000
Provincial Government:		–	–	100,000	–	–	–	–	–	–
Human settlement				100,000	–	–	–	–	–	–
District Municipality:		–	–	9,367	–	–	–	–	–	–
<i>[insert description]</i>										
<i>Gert Sibande</i>		–	–	9,367	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
<i>[insert description]</i>										
Total capital expenditure of Transfers and Grants		62,012	90,683	201,035	75,166	74,933	74,933	123,104	106,130	124,773
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		176,607	223,565	359,330	249,278	249,278	249,278	319,161	321,860	358,267

MP303 Mkhondo - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Operating transfers and grants:										
National Government:										
Balance unspent at beginning of the year	1,3									
Current year receipts		125,126	137,188	141,195	174,112	175,200	175,200	196,057	215,731	233,494
Conditions met - transferred to revenue		125,126	137,188	141,195	174,112	175,200	175,200	196,057	215,731	233,494
Total operating transfers and grants revenue		125,126	137,188	141,195	174,112	175,200	175,200	196,057	215,731	233,494
Total operating transfers and grants - CTBM	2	–	–	–	–	–	–	–	–	–

MKHONDO LOCAL MUNICIPALITY 2017/18 FINAL MTREF BUDGET

Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts		95,513	90,683	91,668	75,166	74,933	74,933	123,104	106,130	124,773
Conditions met - transferred to revenue		95,513	90,683	91,668	75,166	74,933	74,933	123,104	106,130	124,773
Total capital transfers and grants revenue		95,513	90,683	201,035	75,166	74,933	74,933	123,104	106,130	124,773
Total capital transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		220,639	227,871	342,230	249,278	250,132	250,132	319,161	321,860	358,267
TOTAL TRANSFERS AND GRANTS - CTBM		-	-	-	-	-	-	-	-	-

2.11 Councillors and Employee Benefits

MP303 Mkhondo - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
<u>Councillors</u>	3							
Speaker	4		424,440	80,330	216,263			721,033
Chief Whip			414,080	58,602	198,689			671,371
Executive Mayor			694,876	150,428	48,105			893,409
Deputy Executive Mayor			-	-	-			-
Executive Committee			1,396,819	172,328	444,966			2,014,113
Total for all other councillors			6,800,817	1,040,490	1,603,283			9,444,590
Total Councillors	8	-	9,731,032	1,502,178	2,511,306			13,744,516
<u>Senior Managers of the Municipality</u>	5							
Municipal Manager (MM)			904,369	134,395	205,632			1,244,396
Chief Finance Officer			678,600	144,056	199,206			1,021,862
GM TECHNICAL SERVICES			626,495	122,746	205,632			954,873
GM CORPORATE SERVICES			675,741	166,155	179,966			1,021,862
GM COMMUNITY SERVICES			714,518	178,824	128,520			1,021,862
GM PLANING & DEVELOPMENT			932,505	173,081	205,632			1,311,218
<i>List of each official with packages >= senior manager</i>								
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	-	14,263,260	2,421,435	3,635,894	-		20,320,589

MP303 Mkhondo - Supporting Table SA24

Summary of personnel numbers

Summary of Personnel Numbers Number	Re f 1, 2	2015/16			Current Year 2016/17			Budget Year 2017/18		
		Positio ns	Permane nt employe es	Contract employe es	Positio ns	Permane nt employe es	Contract employe es	Positio ns	Permane nt employe es	Contract employe es
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		37	–	37	38	38	–	38	38	–
Board Members of municipal entities	4	–	–	–	–	–	–	–	–	–
Municipal employees	5	–	–	–	–	–	–	–	–	–
Municipal Manager and Senior Managers	3	5	–	5	6	6	–	6	–	6
Other Managers	7	20	20	–	21	20	–	21	18	–
Professionals		167	167	–	16	14	–	29	19	8
<i>Finance</i>		42	42	–	11	10	–	13	13	8
<i>Spatial/town planning</i>		4	4	–	1	–	–	1	1	–
<i>Information Technology</i>		3	3	–	–	–	–	1	1	–
<i>Roads</i>		–	–	–	–	–	–	–	–	–
<i>Electricity</i>		–	–	–	–	–	–	–	–	–
<i>Water</i>		1	1	–	–	–	–	–	–	–
<i>Sanitation</i>		1	1	–	–	–	–	–	–	–
<i>Refuse</i>		–	–	–	–	–	–	–	–	–
<i>Other</i>		116	116	–	4	4	–	14	4	–
Technicians		6	6	–	6	6	–	7	6	–
<i>Finance</i>		–	–	–	–	–	–	–	–	–
<i>Spatial/town planning</i>		–	–	–	–	–	–	–	–	–
<i>Information Technology</i>		2	2	–	2	2	–	3	2	–
<i>Roads</i>		–	–	–	–	–	–	–	–	–
<i>Electricity</i>		1	1	–	1	1	–	1	1	–
<i>Water</i>		3	3	–	3	3	–	3	3	–
<i>Sanitation</i>		–	–	–	–	–	–	–	–	–
<i>Refuse</i>		–	–	–	–	–	–	–	–	–
<i>Other</i>		–	–	–	–	–	–	–	–	–
Clerks (Clerical and administrative)		70	65	–	70	65	–	71	65	–
Service and sales workers		45	42	–	45	42	–	55	42	–
Skilled agricultural and fishery workers		54	54	–	54	54	–	54	54	–
Craft and related trades		8	8	–	8	8	–	10	8	–
Plant and Machine Operators		35	31	–	35	31	–	53	31	–

MKHONDO LOCAL MUNICIPALITY 2017/18 FINAL MTREF BUDGET

Elementary Occupations		301	250	–	301	250	–	350	220	–
TOTAL PERSONNEL NUMBERS	9	748	643	42	600	534	–	694	501	14
% increase					(19.8%)	(17.0%)	(100.0%)	15.7%	(6.2%)	–
Total municipal employees headcount	6, 10	–	–	–	–	–	–	–	–	–
Finance personnel headcount	8, 10	–	–	–	–	–	–	–	–	–
Human Resources personnel headcount	8, 10	8	7	–	8	7	–	8	7	–

MKHONDO LOCAL MUNICIPALITY 2017/18 FINAL MTREF BUDGET

2.12 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

MP303 Mkhondo - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source	-															
Property rates		3,454	3,454	3,454	3,454	3,454	3,454	3,454	3,454	3,454	3,454	3,454	3,454	41,452	43,815	46,268
Service charges - electricity revenue		9,450	9,450	9,450	9,450	9,450	9,450	9,450	9,450	9,450	9,450	9,450	9,450	113,401	115,533	120,827
Service charges - water revenue		1,412	1,412	1,412	1,412	1,412	1,412	1,412	1,412	1,412	1,412	1,412	1,412	16,945	17,911	18,914
Service charges - sanitation revenue		780	780	780	780	780	780	780	780	780	780	780	780	9,354	9,888	10,441
Service charges - refuse revenue		830	830	830	830	830	830	830	830	830	830	830	830	9,962	10,530	11,120
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		320	320	320	320	320	320	320	320	320	320	320	320	3,840	4,059	4,286
Interest earned - external investments		44	44	44	44	44	44	44	44	44	44	44	44	530	560	592
Interest earned - outstanding debtors		900	900	900	900	900	900	900	900	900	900	900	900	10,800	9,500	9,300
Dividends received													-	-	-	-
Fines, penalties and forfeits		34	34	34	34	34	34	34	34	34	34	34	34	408	432	456
Licenses and permits		4	4	4	4	4	4	4	4	4	4	4	5	52	55	59
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		65,352				65,352				65,352			(0)	196,057	215,731	233,434
Other revenue		2,225	2,225	2,225	2,225	2,225	2,225	2,225	2,225	2,225	2,225	2,225	4,225	28,697	23,822	21,091
Gains on disposal of PPE													-	-	-	-
Total Revenue (excluding capital transfers and contributions)		84,806	19,453	19,453	19,453	84,806	19,453	19,453	19,453	84,806	19,453	19,453	21,455	431,499	451,835	476,787

MKHONDO LOCAL MUNICIPALITY 2017/18 FINAL MTREF BUDGET

Expenditure By Type	-															
Employee related costs		13,311	13,311	13,311	13,311	13,311	13,311	13,311	13,311	13,311	13,311	13,311	9,111	155,528	165,948	176,901
Remuneration of councillors		1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,145	13,745	14,665	15,633
Debt impairment		2,678	2,678	2,678	2,678	2,678	2,678	2,678	2,678	2,678	2,678	2,678	18,677	48,132	50,057	51,559
Depreciation & asset impairment		6,554	6,554	6,554	6,554	6,554	6,554	6,554	6,554	6,554	6,554	6,554	6,555	78,651	86,805	87,673
Finance charges		8	8	8	8	8	8	8	8	8	8	8	8	100	-	-
Bulk purchases		9,217	9,217	9,217	9,217	9,217	9,217	9,217	9,217	9,217	9,217	9,217	12,217	113,606	114,197	114,799
Other materials		1,917	1,917	1,917	1,917	1,917	1,917	1,917	1,917	1,917	1,917	1,917	917	22,004	23,302	24,654
Contracted services		3,434	3,434	3,434	3,434	3,434	3,434	3,434	3,434	3,434	3,434	3,434	134	37,908	40,144	42,473
Transfers and subsidies		1,490	1,490	1,490	1,490	1,490	1,490	1,490	1,490	1,490	1,490	1,490	1,489	17,877	15,512	16,473
Other expenditure		5,498	5,498	5,498	5,498	5,498	5,498	5,498	5,498	5,498	5,498	5,498	2,814	63,289	67,024	70,911
Loss on disposal of PPE													-	-	-	-
Total Expenditure		45,252	45,252	45,252	45,252	45,252	45,252	45,252	45,252	45,252	45,252	45,252	53,068	550,840	577,655	601,075
Surplus/(Deficit)		39,554	(25,799)	(25,799)	(25,799)	39,554	(25,799)	(25,799)	(25,799)	39,554	(25,799)	(25,799)	(31,613)	(119,340)	(125,820)	(124,288)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		10,467	10,467	10,467	10,467	10,467	10,467	10,467	10,467	10,467	10,467	10,467	7,967	123,104	106,130	124,773
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)													2,500	2,500	2,668	2,844
Transfers and subsidies - capital (in-kind - all)													44,769	44,769	42,033	44,471
Surplus/(Deficit) after capital transfers & contributions		50,021	(15,332)	(15,332)	(15,332)	50,021	(15,332)	(15,332)	(15,332)	50,021	(15,332)	(15,332)	23,623	51,033	25,010	47,800
Taxation													-	-	-	-

MKHONDO LOCAL MUNICIPALITY 2017/18 FINAL MTREF BUDGET

Attributable to minorities Share of surplus/ (deficit) of associate													-	-	-	-
													-	-	-	-
Surplus/(Deficit)	1	50,021	(15,332)	(15,332)	(15,332)	50,021	(15,332)	(15,332)	(15,332)	50,021	(15,332)	(15,332)	23,623	51,033	25,010	47,800

MKHONDO LOCAL MUNICIPALITY 2017/18 FINAL MTREF BUDGET

MP303 Mkhondo - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash Receipts By Source														1		
Property rates	3,061	3,061	3,061	3,061	3,061	3,061	3,061	3,061	3,061	3,061	3,061	3,061	(2,577)	31,089	32,861	34,701
Service charges - electricity revenue	6,656	6,656	6,656	6,656	6,656	6,656	6,656	6,656	6,656	6,656	6,656	6,656	11,834	85,051	86,650	90,620
Service charges - water revenue	1,101	1,101	1,101	1,101	1,101	1,101	1,101	1,101	1,101	1,101	1,101	1,101	593	12,709	13,433	14,185
Service charges - sanitation revenue	659	659	659	659	659	659	659	659	659	659	659	659	(229)	7,016	7,416	7,831
Service charges - refuse revenue	697	697	697	697	697	697	697	697	697	697	697	697	(197)	7,472	7,897	8,340
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	64	64	64	64	64	64	64	64	64	64	64	64	3,138	3,840	3,794	4,007
Interest earned - external investments	84	84	84	84	84	84	84	84	84	84	84	84	(394)	530	560	592
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	33	33	33	33	33	33	33	33	33	33	33	33	(154)	204	216	228
Licences and permits	6	6	6	6	6	6	6	6	6	6	6	6	(12)	52	55	59
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational	65,352				65,352					65,352			(0)	196,057	215,731	233,434
Other revenue	2,391	2,391	2,391	2,391	2,391	2,391	2,391	2,391	2,391	2,391	2,391	2,391	2,392	28,697	23,822	21,091
Cash Receipts by Source	80,104	14,751	14,751	14,751	80,104	14,751	14,751	14,751	80,104	14,751	14,751	14,751	14,394	372,716	392,436	415,088
Other Cash Flows by Source																
Transfer receipts - capital	41,868	-	-	-	41,868	-	-	-	39,368	-	-	-	0	123,104	106,130	124,773

MKHONDO LOCAL MUNICIPALITY 2017/18 FINAL MTREF BUDGET

Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)												44,769	44,769	42,033	44,471
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	121,972	14,751	14,751	14,751	121,972	14,751	14,751	14,751	119,472	14,751	14,751	59,163	540,589	540,598	584,332
Cash Payments by Type															
Employee related costs	12,645	12,645	12,645	12,645	12,645	12,645	12,645	12,645	12,645	12,645	12,645	8,656	147,751	157,651	168,056
Remuneration of councillors	1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,145	13,745	14,665	15,633
Finance charges	-	-	-	-	-	-	-	-	100	-	-	-	100	-	-
Bulk purchases - Electricity	9,112	9,112	9,112	9,112	9,112	9,112	9,112	9,112	9,112	9,112	9,112	9,112	109,339	109,678	110,018
Bulk purchases - Water & Sewer	106	106	106	106	106	106	106	106	106	106	106	3,105	4,267	4,518	4,781
Other materials	19,167	19,167	19,167	19,167	19,167	19,167	19,167	19,167	19,167	19,167	19,167	(188,833)	22,004	23,302	24,654
Contracted services	3,434	3,434	3,434	3,434	3,434	3,434	3,434	3,434	3,434	3,434	3,434	134	37,908	40,144	42,473
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	1,490	1,490	1,490	1,490	1,490	1,490	1,490	1,490	1,490	1,490	1,490	1,489	17,877	15,512	16,473
Other expenditure	5,498	5,498	5,498	5,498	5,498	5,498	5,498	5,498	5,498	5,498	5,498	2,814	63,289	67,024	70,911

MKHONDO LOCAL MUNICIPALITY 2017/18 FINAL MTREF BUDGET

Cash Payments by Type	52,596	52,596	52,596	52,596	52,596	52,596	52,596	52,596	52,696	52,596	52,596	(162,378)	416,280	432,495	452,998
Other Cash Flows/Payments by Type															
Capital assets	10,467	10,467	10,467	10,467	10,467	10,467	10,467	10,467	10,467	10,467	10,467	10,467	125,604	106,130	124,773
Repayment of borrowing	–	–	–	–	–	–	–	–	386	–	–	–	386	–	–
Other Cash Flows/Payments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Cash Payments by Type	63,063	63,063	63,063	63,063	63,063	63,063	63,063	63,063	63,549	63,063	63,063	(151,911)	542,270	538,625	577,772
NET INCREASE/(DECREASE) IN CASH HELD	58,909	(48,312)	(48,312)	(48,312)	58,909	(48,312)	(48,312)	(48,312)	55,923	(48,312)	(48,312)	211,073	(1,681)	1,973	6,560
Cash/cash equivalents at the month/year begin:	1,689	60,597	12,286	(36,026)	(84,338)	(25,429)	(73,741)	(122,053)	(170,364)	(114,442)	(162,753)	(211,065)	1,689	8	1,982
Cash/cash equivalents at the month/year end:	60,597	12,286	(36,026)	(84,338)	(25,429)	(73,741)	(122,053)	(170,364)	(114,442)	(162,753)	(211,065)	8	8	1,982	8,542

MKHONDO LOCAL MUNICIPALITY 2017/18 FINAL MTREF BUDGET

MP303 Mkhondo - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
REVENUE ITEMS:											
<u>Property rates</u>	6										
Total Property Rates		20,108	31,383	34,003	44,252	44,252	44,252	22,838	41,452	43,815	46,268
<i>less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)</i>											
Net Property Rates		20,108	31,383	34,003	44,252	44,252	44,252	22,838	41,452	43,815	46,268
<u>Service charges - electricity revenue</u>	6										
Total Service charges - electricity revenue		82,804	94,487	95,884	96,044	102,794	102,794	72,842	121,437	124,546	130,584
<i>less Revenue Foregone (in excess of 50 kwh per indigent household per month)</i>											
<i>less Cost of Free Basis Services (50 kwh per indigent household per month)</i>		1,813	6,366	6,602	2,283	2,283	2,283	2,283	8,036	9,013	9,757
Net Service charges - electricity revenue		80,991	88,121	89,281	93,761	100,511	100,511	70,559	113,401	115,533	120,827
<u>Service charges - water revenue</u>	6										
Total Service charges - water revenue		12,183	15,710	18,691	19,499	19,499	19,499	19,901	29,491	31,455	33,347
<i>less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)</i>									8,165	8,630	9,113
<i>less Cost of Free Basis Services (6 kilolitres per indigent household per month)</i>		2,839	3,819	3,600	3,573	3,573	3,573	3,573	4,382	4,914	5,320
Net Service charges - water revenue		9,345	11,890	15,091	15,926	15,926	15,926	16,327	16,945	17,911	18,914
<u>Service charges - sanitation revenue</u>	6										
Total Service charges - sanitation revenue		6,801	8,004	9,530	9,787	10,856	10,856	6,436	10,769	11,386	12,026
<i>less Revenue Foregone (in excess of free sanitation service to indigent households)</i>											
<i>less Cost of Free Basis Services (free sanitation service to indigent households)</i>		1,059	1,059	1,827	1,333	1,333	1,333	1,333	1,414	1,498	1,585
Net Service charges - sanitation revenue		5,742	6,945	7,703	8,454	9,523	9,523	5,103	9,354	9,888	10,441
<u>Service charges - refuse revenue</u>	6										
Total refuse removal revenue		8,534	9,214	10,537	11,047	11,892	11,892	7,595	11,885	12,566	13,274
Total landfill revenue											
<i>less Revenue Foregone (in excess of one removal a week to indigent households)</i>											
<i>less Cost of Free Basis Services (removed once a week to indigent households)</i>		1,439	1,439	1,827	1,812	1,812	1,812	1,812	1,923	2,036	2,154
Net Service charges - refuse revenue		7,095	7,774	8,711	9,235	10,080	10,080	5,783	9,962	10,530	11,120
<u>Other Revenue by source</u>											

MKHONDO LOCAL MUNICIPALITY 2017/18 FINAL MTREF BUDGET

Administrative costs,insurance claim,revenue enhancement		2,560	20,331	36,747	60	57	57	25	60	63	66
Advertising/posters (from pre audit back to audited outcomes were sum'd together)		19	–	–	24	66	66	41	70	74	78
Building plans & cemetery fees (Donation received - audited outcome 2011/12)		138	–	–	967	1,022	1,022	88	662	699	738
Clearance certificates, VAT,valuation certificates & commission fees		134	–	–	236	249	249	133	265	280	296
Bins,Cut of grass,other income and miscellaneous income		27,258	–	–	14	15	15		11	12	13
Encroachment, Escorting & Weighbridge fees		1,626	–	–	2,082	2,037	2,037	212	2,216	2,342	2,474
Sale of garden refuse bulk containers,refuse bins & prepaid boxes		0	–	–	3	3	3		6	6	7
Postcards, statements & photocopies fees		240	–	–	6	9	9	161	15	16	17
Rentals,Private calls recovered, PMU admin		–	–	–		–	–	–	–	–	–
Private work & reconnection fees,lost cards, consumer serv		–	–	–	608	279	279		403	426	450
Sale of pines,gums & wattle barks		3,626	–	–	22,401	22,401	22,401	909	24,400	19,280	16,295
Sundry - tenders, sub division of stands & testing of meters	3	204	–	–	758	302	302	129	589	623	658
Total 'Other' Revenue	1	35,807	20,331	36,747	27,159	26,440	26,440	1,697	28,697	23,822	21,091
EXPENDITURE ITEMS:											
<u>Employee related costs</u>											
Basic Salaries and Wages	2	62,462	112,532	128,742	89,314	97,902	97,902	58,778	103,547	110,484	117,776
Pension and UIF Contributions		12,543			16,342	18,162	18,162	10,324	19,106	20,386	21,731
Medical Aid Contributions		2,646			4,378	5,592	5,592	3,567	5,906	6,302	6,717
Overtime		6,695			5,543	7,143	7,143	6,572	6,421	6,851	7,304
Performance Bonus		–			965	–	–	–	–	–	–
Motor Vehicle Allowance		4,184			3,065	3,474	3,474	2,033	3,731	3,981	4,243
Cellphone Allowance		–			–	–	–		–	–	–
Housing Allowances		1,064			2,509	2,267	2,267	1,271	2,435	2,598	2,769
Other benefits and allowances		5,408			10,623	14,184	14,184	4,756	14,383	15,347	16,360
Payments in lieu of leave		–			–	–	–	843	–	–	–
Long service awards		71			–	–	–		–	–	–
Post-retirement benefit obligations	4	2,502			–	–	–		–	–	–
sub-total	5	97,576	112,532	128,742	132,739	148,722	148,722	88,143	155,528	165,948	176,901
<u>Less: Employees costs capitalised to PPE</u>		–	–	–	–	–	–	–	–	–	–
Total Employee related costs	1	97,576	112,532	128,742	132,739	148,722	148,722	88,143	155,528	165,948	176,901
<u>Contributions recognised - capital</u>											
List contributions by contract								–			
Own funding			5,045		2,100	28,673	28,673	2,250	2,500	2,668	2,844
Total Contributions recognised - capital		–	5,045	–	2,100	28,673	28,673	2,250	2,500	2,668	2,844
<u>Depreciation & asset impairment</u>											
Depreciation of Property, Plant & Equipment		72,540	70,686	75,480	75,080	75,080	75,080	36,134	78,651	86,805	87,673
Lease amortisation											
Capital asset impairment											

MKHONDO LOCAL MUNICIPALITY 2017/18 FINAL MTREF BUDGET

Depreciation resulting from revaluation of PPE	10										
Total Depreciation & asset impairment	1	72,540	70,686	75,480	75,080	75,080	75,080	36,134	78,651	86,805	87,673
<u>Bulk purchases</u>											
Electricity Bulk Purchases		75,425	82,866	98,759	109,000	109,002	109,002	55,093	109,339	109,678	110,018
Water Bulk Purchases		10,726		2,538	1,194	1,194	1,194	1,194	4,267	4,518	4,781
Total bulk purchases	1	86,151	82,866	101,297	110,194	110,195	110,195	56,287	113,606	114,197	114,799
<u>Transfers and grants</u>											
Cash transfers and grants		3,876	6,480	3,930	12,728	12,728	12,728	2,252	17,877	15,512	16,473
Non-cash transfers and grants		–	–	–	–	–	–	–	–	–	–
Total transfers and grants	1	3,876	6,480	3,930	12,728	12,728	12,728	2,252	17,877	15,512	16,473
<u>Contracted services</u>											
List services provided by contract Private contractors e.g.SIVIL Culture, Mpangazitha.		–	–	–	–	–	–	–	–	–	–
		25,749	24,207	15,272	12,319	12,319	12,319	17,574	21,035	22,276	23,568
Security services		9,262	12,155		14,089	27,508	27,508	7,458	16,116	17,067	18,057
Valuation roll: supplementary.		–			593	593	593		757	801	848
VAT review commission		–				–	–				
sub-total	1	35,011	36,362	15,272	27,002	40,420	40,420	25,032	37,908	40,144	42,473
Total contracted services		35,011	36,362	15,272	27,002	40,420	40,420	25,032	37,908	40,144	42,473
<u>Other Expenditure By Type</u>	-										
Collection costs		–	–		–	–	–				
Contributions to 'other' provisions		–	–		–	–	–				
Consultant fees		–	–	25,525	–	–	–				
Audit fees		2,310	–	3,551	3,494	3,494	3,494				
General expenses	3	27,228	44,883	24,931	19,733	19,594	19,594	6,384	21,878	23,163	24,513
List Other Expenditure by Type		–	–		–	–	–				
Administration		–	–		–	–	–				
Transfer to Reserves		–	–		1,562	–	–				
ADVERTISING		–	–	822	1,141	1,616	1,616	591	706	748	791
AUDIT FEES		–	–		3,494	4,054	4,054	2,654	4,301	4,555	4,819
BANK CHARGES		–	–	1,101	1,134	1,134	1,134	524	1,203	1,274	1,348
CHEMICALS		–	–		2,123	2,230	2,230	–	2,140	2,266	2,398
INSURANCE		–	–	5,733	4,024	4,024	4,024	4,077	5,625	5,957	6,303
BURSARIES		–	–		1,000	1,000	1,000		1,061	1,124	1,189
LEGAL FEES		–	–		1,719	1,719	1,719		1,824	1,931	2,043
MEMBERSHIP FEES		–	–	1,935	1,284	1,404	1,404		1,489	1,577	1,669
PRINTING & STATIONERY		–	–	3,091	2,051	2,965	2,965		3,146	3,331	3,525
PROTECTIVE CLOTHING		–	–	2,566	2,593	3,756	3,756	2,236	3,985	4,220	4,465

MKHONDO LOCAL MUNICIPALITY 2017/18 FINAL MTREF BUDGET

RENTAL:OFFICE EQUIPMENT		-	-		2,842	3,178	3,178		3,372	3,577	3,778
RENTAL OFFICES		-	-		1,070	1,070	1,070		1,135	1,202	1,271
SKILLS DEVELOPMENT LEVY		-	-		1,066	1,473	1,473		1,563	1,655	1,751
STORES & MATERIAL		-	-		1,081	1,242	1,242	6,484	1,276	1,352	1,430
SUBSISTENCE & TRAVELING		-	-	3,298	2,006	1,831	1,831	3,319	1,996	2,114	2,237
ACCOMMODATIONS		-	-		1,521	1,846	1,846		1,958	2,074	2,194
TELEPHONE		-	-	2,443	2,012	2,359	2,359	1,392	1,765	1,869	1,978
TRAINING COSTS: EMPLOYEES		-	-	1,423	2,014	2,103	2,103		2,231	2,363	2,500
CLEANING MATERIAL		-	-		-	-	-	58	634	671	710
Total 'Other' Expenditure	1	29,537	44,883	76,420	58,964	62,091	62,091	27,719	63,289	67,024	70,911

Repairs and Maintenance by Expenditure Item	8										
Employee related costs											
Other materials											
Contracted Services											
Other Expenditure		33,380	31,409	34,513	17,497	20,880	20,880	20,903	22,004	23,302	24,654
Total Repairs and Maintenance Expenditure	9	33,380	31,409	34,513	17,497	20,880	20,880	20,903	22,004	23,302	24,654

MKHONDO LOCAL MUNICIPALITY 2017/18 FINAL MTREF BUDGET

MP303 Mkhondo - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote 1 - Executive and Council	Vote 2 - Budget and Treasury Office	Vote 3 - Corporate Services	Vote 4 - Planning and Development	Vote 5 - Community Services	Vote 6 - Technical Services	Vote 7 - Afforestation	Total
R thousand	1								
<u>Revenue By Source</u>									
Property rates		–	41,452	–	–	–	–		41,452
Service charges - electricity revenue		–	–	–	–	–	113,401		113,401
Service charges - water revenue		–	–	–	–	–	16,945		16,945
Service charges - sanitation revenue		–	–	–	–	–	9,354		9,354
Service charges - refuse revenue		–	–	–	–	9,962	–		9,962
Service charges - other		–	–	–	–	–	–		–
Rental of facilities and equipment		–	–	3,340	496	3	–		3,840
Interest earned - external investments		–	530	–	–	–	–		530
Interest earned - outstanding debtors		–	10,800	–	–	–	–		10,800
Dividends received		–	–	–	–	–	–		–
Fines, penalties and forfeits		–	–	–	–	210	198		408
Licences and permits		–	–	–	–	52	–		52
Agency services		–	–	–	–	–	–		–
Other revenue		–	590	–	800	2,505	403	24,400	28,697
Transfers and subsidies		174,033	2,145				19,878		196,057
Gains on disposal of PPE		–	–	–	–	–	–		–
Total Revenue (excluding capital transfers and contributions)		174,033	55,516	3,340	1,296	12,732	160,180	24,400	431,499
<u>Expenditure By Type</u>	-								
Employee related costs		7,811	25,029	16,512	5,146	43,414	52,661	4,954	155,528
Remuneration of councillors		13,745	–	–	–	–	–	–	13,745
Debt impairment		–	48,132	–	–	–	–	–	48,132
Depreciation & asset impairment		78,651	–	–	–	–	–	–	78,651
Finance charges		–	–	–	–	–	100	–	100
Bulk purchases		–	–	–	–	–	113,606	–	113,606
Other materials		30	545	2,027		1,768	17,526	109	22,004
Contracted services		–	13,126	–	1,643	14,285	2,766	6,088	37,908
Transfers and subsidies		4,500	2,145	–	–	–	11,232	–	17,877
Other expenditure		14,363	14,765	10,515	922	4,413	14,516	3,796	63,289
Loss on disposal of PPE		–	–	–	–	–	–	–	–
Total Expenditure		119,100	103,742	29,053	7,711	63,880	212,407	14,947	550,840

MKHONDO LOCAL MUNICIPALITY 2017/18 FINAL MTREF BUDGET

Surplus/(Deficit)		54,933	(48,225)	(25,713)	(6,415)	(51,148)	(52,226)	9,453	(119,340)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		123,104							123,104
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		44,769							44,769
Transfers and subsidies - capital (in-kind - all)		2,500							2,500
Surplus/(Deficit) after capital transfers & contributions		225,307	(48,225)	(25,713)	(6,415)	(51,148)	(52,226)	9,453	51,033

MKHONDO LOCAL MUNICIPALITY 2017/18 FINAL MTREF BUDGET

MP303 Mkhondo - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
ASSETS											
<u>Call investment deposits</u>											
Call deposits		22,490	336	462	–	–	–	344	–	–	–
Other current investments		–	–	–	–	–	–	–	–	–	–
Total Call investment deposits	2	22,490	336	462	–	–	–	344	–	–	–
<u>Consumer debtors</u>											
Consumer debtors		132,563	23,648	28,326	176,976	240,452	240,452	240,452	243,859	257,759	272,194
<u>Less: Provision for debt impairment</u>		(114,064)	–	–	(93,433)	(117,726)	(117,726)	(117,726)	(127,861)	(135,149)	(142,717)
Total Consumer debtors	2	18,499	23,648	28,326	83,543	122,725	122,725	122,725	115,998	122,610	129,477
<u>Debt impairment provision</u>											
Balance at the beginning of the year		(97,738)	–	–	(77,163)	97,225	97,225	–	106,347	112,409	118,704
Contributions to the provision		(16,326)	–	–	(17,147)	20,502	20,502	–	21,814	23,057	24,348
Bad debts written off		–	–	–	–	–	–	–	–	–	–
Balance at end of year		(114,064)	–	–	(94,310)	117,726	117,726	–	128,161	135,466	143,052
<u>Property, plant and equipment (PPE)</u>											
PPE at cost/valuation (excl. finance leases)		1,276,428	1,232,071	1,372,635	1,368,063	1,368,063	1,368,063	1,403,862	2,833,482	3,000,658	3,174,696
Leases recognised as PPE	3	–	–	–	–	–	–	–	–	–	–
<u>Less: Accumulated depreciation</u>		71,886	–	–	37,771	37,771	37,771	37,777	1,340,599	1,419,695	1,502,037
Total Property, plant and equipment (PPE)	2	1,204,542	1,232,071	1,372,635	1,330,292	1,330,291	1,330,291	1,366,085	1,492,883	1,580,963	1,672,659
LIABILITIES											
<u>Current liabilities - Borrowing</u>											
Short term loans (other than bank overdraft)		1,161	474	–	–	–	–	–	–	–	–
Current portion of long-term liabilities		–	–	–	–	–	–	–	400	–	–
Total Current liabilities - Borrowing		1,161	474	–	–	–	–	–	400	–	–
<u>Trade and other payables</u>											
Trade and other creditors		110,742	149,928	175,601	56,636	56,636	56,636	139,888	97,640	103,205	108,985
Unspent conditional transfers		4,927	333	519	–	–	–	32,143	–	–	–

MKHONDO LOCAL MUNICIPALITY 2017/18 FINAL MTREF BUDGET

VAT			-		-	-	-	-	-	-	-
Total Trade and other payables	2	115,670	150,262	176,120	56,636	56,636	56,636	172,031	97,640	103,205	108,985
<u>Non current liabilities - Borrowing</u>											
Borrowing	4	1,869	1,336	380	875	627	627	-	-	-	-
Finance leases (including PPP asset element)		-	-	-	-	-	-	386	-	-	-
Total Non current liabilities - Borrowing		1,869	1,336	380	875	627	627	386	-	-	-
<u>Provisions - non-current</u>											
Retirement benefits		-	-	-	21,661	22,036	22,036	20,070	21,294	22,550	23,858
<i>List other major provision items</i>											
Refuse landfill site rehabilitation		-	-	-	12,751	16,960	16,960	16,960	17,994	19,056	20,161
Other		29,142	31,981	37,035	-	-	-	-	-	-	-
Total Provisions - non-current		29,142	31,981	37,035	34,412	38,996	38,996	37,030	39,288	41,606	44,020
CHANGES IN NET ASSETS											
<u>Accumulated Surplus/(Deficit)</u>											
Accumulated Surplus/(Deficit) - opening balance		1,229,663	1,228,559	1,217,221	1,444,012	1,497,076	1,497,076	1,397,625	1,528,145	1,641,089	1,712,566
GRAP adjustments		-	-	-	-	-	-	-	-	-	-
Restated balance		1,229,663	1,228,559	1,217,221	1,444,012	1,497,076	1,497,076	1,397,625	1,528,145	1,641,089	1,712,566
Surplus/(Deficit)		(1,105)	(13,387)	86,313	(6,297)	(1,488)	(1,488)	6,021	51,033	25,010	47,800
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments											
Accumulated Surplus/(Deficit)	1	1,228,559	1,215,172	1,303,534	1,437,715	1,495,589	1,495,589	1,403,646	1,579,178	1,666,099	1,760,367
<u>Reserves</u>	-										
Housing Development Fund											
Capital replacement											
Self-insurance											
Other reserves											
Revaluation											
Total Reserves	2	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	1,228,559	1,215,172	1,303,534	1,437,715	1,495,589	1,495,589	1,403,646	1,579,178	1,666,099	1,760,367

2.14 Legislation Compliance Status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

➤ **In year reporting**

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and the quality of financial reports to both National and Provincial Treasury.

➤ **Internship programme**

Mkhondo Local Municipality is participating in the Municipal Financial Management Internship programme and has employed ten interns undergoing training in various divisions of the Financial Services Department. Since the introduction of the Internship programme the municipality has successfully employed and trained 30 interns in the past few years through this programme. Some of the previous FM interns have since been appointed they have progressively achieved promotions with mostly in the Accountant positions within financial services.

Financial Management Grant (FMG) has been a successful capacity building programme wherein ten interns were appointed and undergone a minimum competency programme within the Office of the Chief Financial Officer. An additional group of interns will be appointed as most internship contract are due to be completed by October 2017, therefore additional round of FM interns will be appointed towards this capacity programme that is aimed at skilling finance staff in financial management.

➤ **Budget & Treasury Office**

The Budget and Treasury Office has been established in accordance with the MFMA, with all the senior manager fully appointed and their staff personnel fully placed, together with the assistance of 10 FM interns rotating within the Revenue, Expenditure, Supply Chain Management (SCM), Budget and ICT.

➤ **Audit Committee**

An Audit Committee members are fully qualified and functional with scheduled sittings through office of the MM and the Internal Audit Unit. The audit committee report is discussed and recommendation effectively implemented by management of the municipality.

➤ **Annual Report**

Annual report is compiled in terms of the MFMA and National Treasury requirements and, it has been submitted timeously within reporting timelines to National, Provincial treasury and other relevant stakeholders.

➤ **Policies**

A list of all budget related policies will be approved during the 2017/18 MTREF by Council by the 30 May 2017, a list of all approved policies have been included as annexure.

2.15 Municipal Manager's Quality Certificate

I _____, Acting Municipal Manager of Mkhondo Local Municipality, hereby certify that the 2017/18 Final Annual Budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the 2017/18 Final Annual Budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Acting Municipal Manager of Mkhondo Local Municipality (MP303)

Signature _____

Date _____ -